

Thank you. And welcome to almost coal country although Casper is greatly affected by the lack of leasing -- and I need to speak a little closer to this microphone, I think. But Casper is also a recipient of all of the great leases and the coal bonus leases which has come to our state to build our schools. I am Senator Michael Von Flatern, Wyoming State Senator that represents Campbell County and Gillette in particular. I'm also representing thousands of proud hard-working coal miners and service company employees. Although we've only laid off approximately 600 in the coal mining industry, as stated earlier, you can multiply that by three or four to find the real effect on our community. Our coal industry pays the highest combined taxes and royalties of any federal leased minerals and mines in Wyoming. For every ton of Wyoming coal mined by a coal miner, the companies pay more than their fair share of government-imposed taxes, fees, and royalties. In fact, royalties and taxes paid on each ton of Powder River Basin coal approaches 40 percent of the selling price. When you include the federal royalty payments, the abandoned mines land fees, the average per-ton lease bonus payments, and state and county taxes, I doubt there is any other industry in this state or the nation that generates the same percentage of benefits for taxpayers and for the public good. The effective royalty rate on federal coal mining in Wyoming exceeds 20 percent, comprised of a right to mine royalty or bonus bid that has averaged approximately \$1 per ton in recent years. With the State's share we have built schools, and I want to emphasize that, that this state has built their schools in last ten years with the percentage of the coal lease bonus money that this state receives. Then there is an additional 12-and-a-half percent royalty imposed by the federal government on every ton mined. Add to that the State of Wyoming imposition of 7 percent severance tax on each ton of coal. Then the county assesses an ad valorem tax on top of that. Those that contend this isn't enough are intending to increase the tax burden on an already stressed industry, likely the intent of making mining coal uncompetitive. Gillette is home to one of the cleanest coal-fired power plants ever built. It's called the Dry Fork Station. There's no reason to believe our utilities industry in the nation cannot achieve even more advanced technological achievements in the future. Now we have power reconstruction in an

integrated test center at the Dry Fork Power Station. This will prove that our product can be produced from the exhaust of power stations and that once again we will build coal-fired power stations in this country. I'll end right there.